NEWS RELEASE

Mitel Reports Third Quarter 2014 Financial Results

11/6/2014

Mitel® (Nasdaq:MITL) (TSX:MNW), a global leader in business communications, today announced financial results for the third quarter ended September 30, 2014.

	As Reported Q3'14	Q3'13	Pro-forma Q3'13*
Revenue	$272.4	$135.0	$270.1
Net Loss	($5.3)	($1.4)	($1.6)
Non-GAAP Net Income	$19.0	$8.1	$15.1
Adjusted EBITDA	$34.6	$19.2	$30.6

All results are reported in millions of US dollars
See tables for reconciliation of non-GAAP measures to GAAP measures
*consists of the combined results of Mitel and Aastra from July 1, 2013 through September 30, 2013

"Solid execution in Q3 enabled us to deliver another strong quarter across the board, beating consensus forecasts for revenues and earnings. Our cloud segment continues to rapidly grow with year-over-year recurring seat growth of 111%, and for the first time ever, cloud revenue represented more than 10% of Mitel's total quarterly revenues," said Richard McBee, President and Chief Executive Officer, Mitel. "I am pleased with the continued superb execution of our integration program. We are clearly seeing the benefits of our new economies of scale, and our synergies realized to date are running ahead of plan."

In the third quarter Mitel continued to see robust cloud growth, installing 107,000 new cloud seats during the quarter, including over 49,000 recurring cloud seats. Mitel's recurring cloud seats increased to 245,000, up 111% and its total installed cloud base increased to over 860,000 seats, up 73% year-over-year. The table below highlights

Mitel's cloud operational metrics, as of September 30, 2014:

Cloud Operational Metrics *

	Q3'13	Q4'13	Q1 '14	Q2 '14	Q3 '14
Total Cloud Seats	497,489	566,562	625,699	754,045	861,624
Recurring Cloud Seats	115,870	121,314	142,600	195,673	244,889
Retail Cloud Monthly Average Revenue Per User (ARPU)	$ 46	$ 48	$ 48	$ 47	$ 46
Retail Cloud Average # of Seats per Customer	33	31	32	34	39
Retail Cloud Monthly Customer Churn	0.7%	0.5%	0.6%	0.6%	0.7%

*Information reflects results on a pro-forma basis, as if the Aastra acquisition had been completed on January 1, 2013.

Financial Highlights

Mitel completed the acquisition of Aastra Technologies Limited on January 31, 2014. "As reported" results are referred to below and in the tables attached to this press release. Comparative pro-forma results reflect results of the company as if it had been fully combined with Aastra Technologies.

AS REPORTED:

- Total revenue increased 102% to $272.4 million from third quarter 2013, primarily as a result of the Aastra acquisition.
- Non-GAAP net income for the third quarter of 2014 was $19.0 million, or $0.18 per diluted share, compared to $8.1 million, or $0.14 per diluted share in the third quarter of 2013. The number of non-GAAP weighted-average common shares outstanding was 104.7 million and 56.6 million, respectively.
- Adjusted EBITDA was $34.6 million compared to $19.2 million in the year ago period, due primarily to a combination of EBITDA growth from the legacy Mitel business and EBITDA resulting from the acquisition of Aastra.

PRO-FORMA:

- Total revenue increased 1% from $270.1 million in third quarter 2013, driven principally by growth in the demand for cloud-based solutions.
- Gross margins improved to 52.5% compared to 50.4% in the prior year, as a result of integration synergies, cost reductions and improved product mix.
- Non-GAAP net income improved to $19.0 million, or $0.18 per share, compared to $15.1 million, or $0.15 per diluted share in the third quarter of 2013. The number of non-GAAP weighted-average common shares outstanding for the third quarter of 2013 was 100.8 million.
- Adjusted EBITDA increased to $34.6 million compared to $30.6 million in the year ago period, reflecting

improved operating performance and synergy realization.

"Our commitment to focus on integration and early realization of synergies is driving attractive performance improvements. We generated solid year-over-year improvement in gross margins, EBITDA and non-GAAP EPS, as well as strong operating cash flow, ending the quarter with a $120 million cash balance," said Steve Spooner, Chief Financial Officer, Mitel. He added, "Given our 200 basis point year-over-year improvement in gross margin and the progress on our operating expense rationalization to date, we are confident in our ability to exceed our $20 million synergy target for the current year, and meet our synergy targets for 2015."

Business Highlights

- Mitel unified the global organization under a single new Mitel brand worldwide following an active period of strategic mergers and acquisitions, including the integration of four companies in just over a year. The branding, developed in close consultation with customers, partners, and employees, goes beyond the new visual identity to reinforce a new company brand promise to power the success of every customer, every communication, every time.
- Mitel Cloud Services received multiple industry acknowledgments including recognition from Gartner as a Visionary in their 2014 Magic Quadrant for Unified Communications as a Service (UCaaS) and the 2014 North America Frost & Sullivan Award for Product Line Strategy Leadership for Hosted IP Telephony and UCC Solutions Portfolio.
- Mitel enhanced its MiContact Center to include a native, end-to-end solution for Microsoft Lync that leverages the collaboration tool into the contact center to deliver a simplified, customer-centric experience through email, web chat or social media. MiContact Center enables a broad range of options for any business, ranging from start-up and SMB to the largest enterprises. These include cloud-enabled options.

Business Outlook

Mitel has set the following financial performance guidance for the fourth quarter of 2014 ending December 31, 2014.

- Revenue is expected to be in the range of $290 million to $310 million, reflecting recent volatility experienced in foreign currency exchange markets.
- Gross margin percentage is expected to be in the range of 52.0% to 53.5%.
- Adjusted EBITDA margin percentage is expected to be in the range 15.0% to 16.5%; and
- Non-GAAP earnings per share is expected to be in the range of $0.27 to $0.30.

Conference Call Information

Mitel will host an investor conference call and live webcast today at 8:30 a.m. ET (5:30 a.m. PT) to discuss its financial results for the third quarter ended September 30, 2014. To access the conference call, dial 888-734-0328. Callers outside the U.S. and Canada should dial 678-894-3054. A replay of the conference call will be available through Monday, November 10, 2014. To access the replay, all callers should please dial 404-537-3406 and enter pass code 72200477. The live webcast will be accessible on Mitel's investor relations website at **http://investor.mitel.com/** and will be archived and available on this site for at least three months.

Non-GAAP Financial Measurements

This press release includes references to non-GAAP financial measures including adjusted EBITDA, non-GAAP net income and non-GAAP operating expenses. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. We use these non-GAAP financial measures to assist management and investors in understanding our past financial performance and prospects for the future, including changes in our operating results, trends and marketplace performance, exclusive of unusual events or factors which do not directly affect what we consider to be our core operating performance. Non-GAAP measures are among the primary indicators management uses as a basis for our planning and forecasting of future periods. Investors are cautioned that non-GAAP financial measures should not be relied upon as a substitute for financial measures prepared in accordance with generally accepted accounting principles. Please see the reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP measure attached to this release.